Saskatchewan
Environment and
Public Safety

Annual Report 1988-89

Saskatchewan Environment and Public Safety

Environmental Protection Fund

90-03496/

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Her Honour
The Honourable Sylvia 0. Fedoruk, O.C., S.O.M.
Lieutenant Governor of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Your Honour:

It is my pleasure to submit to you the
Annual Report of the
Environmental Protection Fund
for the fiscal year ending March 31, 1989.

Respectfully submitted,

Grant Hodgins

The Honourable Grant Hodgins
Minister of Environment and Public Safety

Dear Sir:

It is my pleasure to submit to you the
1988-89 Annual Report of the
Environmental Protection Fund
for the Fund's first year of operation.

Respectfully submitted,

R. R. Sentis
Acting Deputy Minister

Operations

Establishment of the Environmental Protection Fund

The Environmental Protection Fund was established by authority provided in The Litter Control Amendment Act, 1988; effective May 12, 1988. The Fund was established to receive moneys generated by an environmental handling charge and a deposit levied on designated non-refillable beverage containers sold in the province. Money accumulated in the Fund is to be used to pay for the collection and recycling of non-refillable containers, and to pay the refunds on the containers collected. Unrefunded deposits are dedicated to be used for environmental purposes by the Minister of Environment and Public Safety, with approval by the Minister of Finance.

Beverage Container and Recycling System

A province-wide system of depots was established to collect non-refillable beverage containers. The system is operated by the Saskatchewan Association of Rehabilitation Centres (SARC) under contract with Saskatchewan Environment and Public Safety. SARCAN, a subsidiary of SARC, was established to operate the system. The following primary goals were established for SARCAN:

a) to maximize collection of non-refillable containers; and

b) to maximize employment for handicapped individuals.

By year end, forty (40) depots had been established employing approximately one hundred and thirty (130) individuals. Of these, approximately one hundred and twenty (120) employees are handicapped individuals.

Two types of non-refillable containers were designated and approved under the authority of The Litter Control Act during the year. The first was the aluminum can for carbonated soft drinks and beer which was approved on May 12, 1988. The second was the polyethylene terephthalate (PET) bottle for carbonated soft drinks which was approved on November 1, 1988. By the end of the year, 104,451,809 aluminum cans had been sold in the province; 49,699,975 of these had been collected by the SARCAN depots for a 48% return rate. Comparable figures for the PET bottles were 2,375,807 sold and 459,357 returned for a 19% return rate.

Financial Summary

The environmental handling charge levied on the aluminum can and the PET bottle is 2 cents and 5 cents respectively. The deposits levied on these two containers is 5 cents and 10 cents respectively. At year end, the total revenue to the Fund from these levies, plus interest earned by the Fund was $7,784,907. The environmental handling charge is used to pay for the SARCAN system operation. By year end the total environmental handling charge paid to SARCAN was $2,207,827. Refunds paid for cans and bottles returned to the SARCAN depots by year end totalled $2,530,935. Thus the operating surplus in the Fund at year end was $3,046,145.

There was no expenditure on environmental purposes during the 1988-89 fiscal year. This was done to accumulate a sufficient operating surplus in the Fund to cover operation costs.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of The Environmental Protection Fund as at March 31, 1989 and the Statement of Operations and Operating Surplus for the period May 12, 1988, Date of Establishment, to March 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at March 31, 1989 and the results of its operations and the changes in its financial position for the period May 12, 1988, Date of Establishment, to March 31, 1989 in accordance with generally accepted accounting principles.

Regina, Saskatchewan
January 24, 1990

G.F. Wendel, C.A.,
A/Provincial Auditor

Statement 1

The Environmental Protection Fund

Balance Sheet
as at March 31, 1989

Assets

Funds due from the Consolidated Fund	$3,331,907
Accounts Receivable	129,528
	$3,461,435

Liabilities and Fund Surplus

Liabilities	
Accounts Payable	$ 415,290
Operating Surplus (Statement 2)	3,046,145
	$3,461,435

(See accompanying notes to the financial statements)

Statement 2

The Environmental Protection Fund

Statement of Operations and Operating Surplus
For the Period May 12, 1988, Date of Establishment, to March 31, 1989

Revenue

Interest	$ 123,441
Collections received from distributors	7,661,466
	$7,784,907

Expenditures

Payments to contractor	
- Environmental handling charge	$2,207,827
- Refunds of deposits	2,530,935
	$4,738,762
Operating Surplus	$3,046,145

(See accompanying notes to the financial statements)

The Environmental Protection Fund

Notes to Financial Statements
March 31, 1989

1. Legislative Authority

The Environmental Protection Fund was established May 12, 1988, pursuant to The Litter Control Amendment Act, 1988, which was assented to June 21, 1988.

a) Revenue

Pursuant to Section 14 of this Act the following amounts are to be deposited to the Fund.

i) For every purchase of a beverage in a designated container:

a) an environmental handling charge;
b) a refundable deposit;

in respect of each container.

ii) Interest earned on investments. Moneys in the Fund are invested by Saskatchewan Finance and interest is paid to the Fund based on the average balance in the Fund. Payments are made quarterly at an interest rate based on the bank prime rate.

b) Expenditures

Pursuant to Section 14.88 of this Act payments may be made out of the Fund for:

i) refunds in respect of designated containers returned to depots;

ii) to defray the expenditures incurred by the minister pursuant to any agreements entered into in the administration of the Act.

c) Disposition of Operating Surplus

Any money in the Fund not immediately required for the purposes described in b) may be used by the Minister of Environment and Public Safety for any environmental purpose approved by the Minister of Finance as provided in Section 14.89 of the Act.

d) Funds due from the Consolidated Fund

This amount represents the balance of funds held by the Consolidated Fund on behalf of the Fund.

2. Accounting Policies

Basis of Accounting

The accounts are maintained on an accrual basis of accounting with a modification due to the legislation authorizing the collection of revenue from distributors. This revenue is only recognized when received by the Fund.

3. Related Party Transactions

The Fund has not been charged with administrative or occupancy costs and no provision for such costs is reflected in these statements. These costs are absorbed by the Department of Finance and the Department of Environment and Public Safety.